

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	: CRIMINAL NO. _____
v.	: DATE FILED: _____
MICHAEL GITZES, a/k/a “Mike Rizzo” “Michael Gill”	: VIOLATIONS: 18 U.S.C. § 1341 (mail fraud - 3 counts)

I N F O R M A T I O N

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this information:

1. Defendant MICHAEL GITZES, a/k/a Mike Rizzo and Michael Gill, owned Rammco Surety, Inc., a surety bond business located in Trevoise, Pennsylvania.
2. Fidelity and Deposit Company of Maryland (“F&D”) is a Maryland Corporation, with its principal place of business in Baltimore, Maryland, and is a subsidiary of Zurich American Insurance Company (“ZAIC”).
3. ZAIC is a commercial property casualty insurance provider, which among other services, issues various types of bonds for the construction industry, which bonds are sold through independent agents and brokers who are appointed by ZAIC or its member companies, including F&D, and are given powers-of-attorney with respect to the issuance of ZAIC bonds.
4. Allstates Bonding Co., which shared office space with Rammco Surety until mid-2003, was authorized by F&D to sell ZAIC construction bonds, and as such, was

authorized to execute power of attorney forms issued by F&D.

5. Purchasers of ZAIC construction bonds pay the agent-seller for the bond, who in turn was supposed to pay Zurich, and was paid a commission that was deducted from the purchase price.

6. From in or about February 2005 through in or about April 2006, in the Eastern District of Pennsylvania, and elsewhere, defendant

**MICHAEL GITZES,
a/k/a “Mike Rizzo”
and “Michael Gill,”**

knowingly executed, and attempted to execute, a scheme to defraud and to obtain monies by means of false and fraudulent pretenses, representations, and promises.

THE SCHEME

It was part of the scheme that:

1. Defendant MICHAEL GITZES sold fraudulent ZAIC bonds to various construction companies, and kept the money paid by the companies to purchase the fraudulent bonds, knowing that the companies would rely on the fraudulent bonds which were in fact worthless and unenforceable.

2. Defendant MICHAEL GITZES created false construction bonds using F&D forms, which GITZES had fraudulently obtained from Allstates Bonding Co., forged signatures of authorized F&D representatives on the forms, falsely signed some of the forms using the fictitious names of “Mike Gill” or “Michael Rizzo,” and falsely notarized some of the bonds.

3. Defendant MICHAEL GITZES sold, and caused to be sold to various

construction companies approximately 40 fraudulent ZAIC bonds, and fraudulently collected and retained approximately \$1.7 million in payments.

4. Defendant MICHAEL GITZES did not use the payments to purchase the bonds and instead kept the money, and provided fraudulent F&D bonds to the purchasing companies.

5. On or about the dates listed below, defendant MICHAEL GITZES, sold and caused to be sold, to Cedco, Inc., of Las Vegas Nevada, approximately 13 fraudulent F&D construction bonds, as identified below, and in return received approximately \$179,569.75 in payments, which defendant GITZES kept rather than purchasing the construction bonds.

<u>Date</u>	<u>Bond No.</u>	<u>Amount of Bond</u>	<u>Premium</u>
3/4/05	880742	\$3,695,180.59	\$64,665.66
3/4/05	880743	\$4,472,131.74	\$78,262.31
5/13/05	880894	\$975,091.51	\$17,064.10
5/13/05	880896	\$632,734.89	\$11,072.86
5/19/05	880947	\$540,861.56	\$9,465.08
5/24/05	0880964	\$905,510.35	\$15,846.43
7/28/05	0894380	\$15,000	\$262.50
8/04/05	1897400	\$1,769,292.85	\$30,962
8/04/05	1897401	\$2,629,313.25	\$46,012.48
8/09/05	0894378	\$15,000	\$262.50
8/28/05	0894370	\$20,000	\$350
9/26/05	1897555	\$1,765,825.50	\$30,901.95

9/26/05	1897556	\$4,046,761.13	\$70,818.32
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6. On or about the dates listed below, defendant MICHAEL GITZES sold, and caused to be sold, to Premier Wall Constructors, Inc., of Corona, California, eight fraudulent F&D bonds, as identified below, and in return received approximately \$286,852.77 in payments, which defendant GITZES kept rather than purchasing the bonds.

<u>Date</u>	<u>Bond No.</u>	<u>Amount of Bond</u>	<u>Premium</u>
3/21/06	1954655	\$179,655	\$4,491.38
3/21/06	1954658	\$1,740,000	\$43,500
3/21/06	1954659	\$423,916	\$10,597
3/21/06	1956460	\$6,610,500	\$165,262.50
4/04/06	1955102	\$715,000	\$17,875
4/04/06	1955103	\$673,000	\$16,825
4/05/06	195107	\$478,111	\$11,952.78
4/05/06	195106	\$653,965	\$16,349.13

7. On or about the dates listed below, defendant MICHAEL GITZES sold, and caused to be sold, to Superior Wall Systems, Inc., of Fullerton, California, four fraudulent F&D bonds, as identified below and in return received approximately \$72,639.74 in payments, which defendant GITZES kept rather than purchasing the bonds.

<u>Date</u>	<u>Bond No.</u>	<u>Amount of Bond</u>	<u>Premium</u>
11/8/05	12357	\$2,192,000	\$33,880
1/3/06	1933052	\$550,790.00	\$9,196.36
2/02/06	2017348	\$1,379,000	\$24,132.50

3/24/06	1933063	\$310,336	\$5,430.88
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8. On or about the dates listed below, defendant MICHAEL GITZES sold, and caused to be sold, to Surf and Turf Development, LLC, of Howell, New Jersey, three fraudulent F&D bonds, as identified below, and in return received approximately \$42,197.96 in payments, which defendant GITZES kept rather than purchasing the bonds.

<u>Date</u>	<u>Bond No.</u>	<u>Amount of Bond</u>	<u>Premium</u>
8/3/05	B10006014	\$126,252	\$7,575.12
9/8/05	B10006020	\$120,231.88	\$7,213.91
9/30/05	B10006031	\$913,631	\$27,408.93

9. On or about the dates listed below, defendant MICHAEL GITZES sold, and caused to be sold, to Ford Contracting, Inc., of Las Vegas, Nevada, two fraudulent F&D bonds, as identified below, and in return received approximately \$176,630 in payments, which defendant GITZES kept rather than purchasing the bonds.

<u>Date</u>	<u>Bond No.</u>	<u>Amount of Bond</u>	<u>Premium</u>
2/04/05	8808712	\$1,610,177	\$40,254
2/17/05	8808711	\$5,455,040	\$136,376

10. On or about the dates listed below, defendant MICHAEL GITZES sold, and caused to be sold, to Martin Bros./Macrowell, Inc., of Gardena, California, two fraudulent F&D bonds, as identified below, and in return received approximately \$405,065.08 in payments, which defendant GITZES kept rather than purchasing the construction bonds.

<u>Date</u>	<u>Bond No.</u>	<u>Amount of Bond</u>	<u>Premium</u>
10/14/05	10000685	\$10,921,455	\$273,036.38
4/06/06	1955104	\$7,473,069	\$132,028.70

11. On or about August 29, 2005, defendant MICHAEL GITZES sold, and caused to be sold, to Micon Construction, Inc., of Placentia, California, fraudulent F&D bond no. 19321 in the amount of \$416,099.56, and in return received a payment in the amount of \$10,402.49, which defendant GITZES kept rather than purchasing the bond.

12. On or about January 10, 2006, defendant MICHAEL GITZES sold, and caused to be sold, to Mowery-Thomason, Inc., of Santa Ana, California, fraudulent F&D bond no. 2017521 in the amount of \$1,589,855 and in return received a payment of \$39,746.38, which defendant GITZES kept rather than purchasing the bond.

13. On or about January 30, 2006, defendant MICHAEL GITZES sold, and caused to be sold to Newbreak Builders, Inc., of Pearl, Mississippi, fraudulent F&D bond no. 1897959 in the amount of \$7,392,185, and in return received a payment of \$184,804.63, which defendant GITZES kept rather than purchasing the bond.

14. On or about February 13, 2006, defendant MICHAEL GITZES sold, and caused to be sold to Environmental Contracting Corp., of Los Angeles, California, fraudulent F&D bond no. 381721 in the amount of \$2,816,080, and in return received a payment of \$70,402, which defendant GITZES kept rather than purchasing the bond.

15. On or about March 30, 2006, defendants MICHAEL GITZES sold and caused to be sold to Evans and Sons, Inc., of Santa Clara, California, fraudulent F&D bond no. 05-23 in the amount of \$199,985, and in return received a payment of \$4,999.63, which

defendant GITZES kept rather than purchasing the bond.

16. On or about February 20, 2006, defendant MICHAEL GITZES sold, and caused to be sold to Thompson Door and Frame, Inc., of Anaheim, California, fraudulent F&D bond no. DB1003A52 in the amount of \$1,381,000, and in return received a payment of \$34,527.50, which defendant GITZES kept rather than purchasing the bond.

17. On or about February 28, 2005, defendant MICHAEL GITZES sold, and caused to be sold to Wall Design, Inc., of Newport Beach, California, fraudulent F&D bond no. 880741, in the amount of \$5,384,440, and in return received a payment of \$94,220.77, which defendant GITZES kept rather than purchasing the bond.

18. On or about March 21, 2006, defendant MICHAEL GITZES sold, and caused to be sold to Versatile Coatings, Inc., of Santa Ana, California, fraudulent F&D bond no. 1954662, in the amount of \$1,591,178, and in return received a payment of \$39,779.45, which defendant GITZES kept rather than purchasing the bond.

19. On or about the dates listed below, in the Eastern District of Pennsylvania and elsewhere, defendant

**MICHAEL GITZES,
a/k/a “Mike Rizzo”
and “Michael Gill,”**

for the purpose of executing the scheme described above, and attempting to do so, knowingly caused to be delivered by commercial carrier, that is, Federal Express, according to the directions thereon, to the recipients identified below, the following documents, from Rammco, Inc., 5 Interplex Drive, Suite 201, Trevose, Pennsylvania, 19053.

Count	Date	Recipient	Document
1	8/4/05	Cedco, Inc. 7210 Placid St. Las Vegas, NV 89119	Invoice dated 8/3/05 for \$30,962.62
2	1/4/06	Superior Wall Systems 1232 E. Orange Thorpe Ave. Fullerton, CA 92831	Invoice dated 1/4/06 for \$9,511.85
3	3/30/06	Evans and Sons 25812 Spring Brook Ave. Santa Clarita, CA 91350	Invoice dated 3/30/036 for \$4,999.63

All in violation of Title 18, United States Code, Section 1341.

PATRICK L. MEEHAN
UNITED STATES ATTORNEY